Foreclosure Fairness Act
Mortgage Banking Industry Perspective

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Presentation Overview

- Why did banks join other stakeholders to help draft and improve the FFA?
- How does the FFA affect the mortgage banking industry in Washington and how does this differ than the rest of the country?
- What does the banking industry think about the new timeframe in which a homeowner can exercise his/her mediation rights?
- Policy question: Does the FFA help mortgage banking/servicing?

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Why did banks join other stakeholders to help draft and improve the FFA?

- 1) Banks benefit from a clear process (election timeframes and better document exchange rules)
- 2) Collaboration builds community
- 3) Opportunity to improve the state's foreclosure process

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How does FFA affect bankers?

- It places extensive responsibility on financial institutions holding and servicing mortgage loans but it also provides a straightforward process.
- It requires them to set up specialized teams to handle the process.
- It requires them to employ local counsel to represent their interests at a local level.

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How is “Foreclosure Fairness” implemented on other states?

- Other states have foreclosure mediation processes that are managed by court systems, counties, and municipalities.
- Banks generally prefer programs that are administered at a state level, programs that have consistent procedural rules.
- Hawaii – 3rd Circuit state court
- Oregon – program still under construction
  - Too many revisions to the FC process cut off mediation rights
  - Expiration of certificate of completion is a nuance

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What does the banking industry think about the new timeframe in which a borrower can exercise his/her mediation rights?

- Moving the trigger date made sense for all parties. There was much confusion during the NOPFO process as to whether mediation could be triggered. Having meet-and-confer before mediation eliminates this confusion.

- Homeowners benefit by extending the timeframe for mediation to 20 days post Notice of Trustee Sale.

Does the FFA help banks in any way?

- Meet and confer and the “NOPFO process” helps banks in reaching out to borrowers. In theory a properly conducted meeting could reduce the need for mediation.
- Is this process consistent with the new Federal Servicing rules promulgated by CFPB?
  - If so, the FFA is a best practice that will assist banks because it provides a loose template for federal compliance starting on January 10, 2014.

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